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EVOLVING TRENDS

DEMOCRATIC GAINS REVERSED IN REGIONAL ELECTIONS FROM MOSCOW TO SAKHA

by Vladimir Gelman, European University, St. Petersburg

Many journalists and analysts have noted the undemocratic character of recent elections in a number of Russian regions. Often they are talking about different things: from dirty tricks employed during the course of the campaign to the advantages of incumbency, which allows office-holders to buy off or pressure voters. But if we are discussing democracy as a competition of elites in elections, then the sole measure for the level of democracy is whether elections are the only mechanism for replacing the authorities. If elections do not threaten the incumbent with a loss of power or the elections simply serve to legitimize other ways to replace the authorities, then elections do not play a role as democratic institutions. By this measure democracy is losing ground in Russia. Examples can be found in several recent races where incumbents were able to name their successors: President Yeltsin at the federal level, and Krasnodar's Nikolai Kondratenko and Primorskii Krai's Yevgenii Nazdratenko at the regional level.

The recent Moscow City Duma and Sakha presidential elections further demonstrate these alarming tendencies in Russia's electoral processes. In both cases the elections were not a means of political competition. The results were known in advance and were achieved not as a result of voter preferences, but regardless of them.

In Sakha, as earlier in Kursk, the courts played an active role in removing candidates from the field even before election day. Other candidates were forced to resign from the race. Thus, incumbent Mikhail Nikolaev terminated his bid for a third term after meeting with Putin in the Kremlin and threw his support behind Alrosa President Vladimir Shtyrov, who went on to win. Deputy Procurator General Vasilii Kolmogorov also withdrew from the race as a result of this deal.

In the Moscow City Duma elections, four parties, Otechestvo, Yedinstvo, Soyuz pravykh sil (SPS), and Yabloko, signed a cartel agreement dividing the electoral field between them. Such coalition agreements among parties about mutual support for each other's candidates are widespread in Russian elections. But in Moscow such an agreement achieved almost absolute success since the slate of

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candidates won 33 of 35 seats. There was no real alternative to the city's party of power represented in the elections. In contrast to the 1997 and 1999 elections, when first Yabloko, and then SPS opposed Mayor Yurii Luzhkov, these parties joined the winning coalition in order to secure their share of the seats (four and six, respectively) in exchange for loyalty to the authorities.

In both Sakha and Moscow, the deals did not inspire enthusiasm among the voters and turnout was relatively low. The problem here was not the use of negative campaign tactics or the powers of incumbency, but the lack of competition among candidates for votes. While the first regional elections held in the early 1990s were an important step on the path to democratizing political life in the regions, in the beginning of this decade we are witnessing movement in the other direction, a "de-democratization" of Russian political life. The formal elections are nothing more than a smoke screen for uncompetitive voting, hiding the informal practice in which leaders are simply appointed, as happened during the Soviet era. Such elections will not bring to power politicians who are responsive to the voters.

This development follows the logic of the federal government's policies toward the regions during 2001. Having failed to win the election of Kremlin-backed candidates in several key regions (particularly Primorskii Krai and Nizhnii Novgorod), the federal government has apparently decided to stop using elections as a means for obtaining a loyal regional elite. Instead it has adopted a number of other policies, such as the infamous amendment allowing the majority of current governors to seek a third, and in some cases, a fourth term, and refusing to pursue a plan requiring regional legislatures to elect half of their members on the basis of party lists (a reform aimed at reducing gubernatorial control over regional legislatures).

As in the 1990s, the Kremlin is seeking to conclude informal contracts with the regional elites. The difference is that in contrast to the previous arrangement between the Center and the regional elite exchanging "loyalty for non-interference" the new bargain is "loyalty for agreeing not to compete." Such a deal is particularly important for the Kremlin on the eve of the national legislative and presidential elections set for 2003 and 2004. In those elections the Kremlin will need the support of a loyal regional elite to deliver the votes for the election of a conciliatory State Duma and another term for Putin. It is not clear that any regional groups will be able to block this retreat from democratic practices.

MONEY AND POWER

PUTIN AND THE OLIGARCHS: MORE COOPERATION THAN CONFLICT SO FAR

by Andrew Yorke, St. Antony's College, Oxford University

After Taimyr Governor Gennadii Nedelin lost his reelection bid to Norilsk Nickel's general director, he complained to NTV: "The president of our Russian Federation has pushed the oligarchs aside from federal level and they have been forced to move. Where? Into the regions, and not only into Taimyr and Chukotka."

Several recent articles in the EWI Russian Regional Report have examined how major Moscow-based companies are taking over enterprises and political power in the regions. Nataliya Zubarevich (*EWI Russian Regional Report*, 30 January) provided a valuable study of the various political strategies adopted by big businesses in the regions, and examined their economic motivations for seizing regional political power. She has also suggested that the implications for regional democracy and economic growth are at best ambiguous.

One interesting question which has not yet been fully explored is whether this takeover (usually referred to in Russian as a *peredel sobstvennosti*, or redistribution of resources) is an organic economic process, or one that has political causes and consequences.

Pavel Isaev (*EWI Russian Regional Report*, 16 January) has suggested that Russia's big businesses could constitute a future source of opposition to the Kremlin. What, then, is the Kremlin's attitude to the regional takeovers?

Answering this question requires an understanding of the relationship between business and politics at the federal level. In February 2000, then-acting President Putin said of the oligarchs that "they should

be kept at an equal distance from power, and should have equal opportunities" (Jamestown Foundation Prism, March 2000). The fate of Berezovskii and Gusinskii has certainly demonstrated the Kremlin's determination to put certain oligarchs at considerable distance from power. But have these "oligarch-blackmailers" (to borrow the term used by media analyst Aleksei Pankin) merely been replaced by others who are more loyal, or has there in fact been a fundamental change in the relationship between the oligarchs and the Kremlin?

In my view, the answer is: both. The takeovers of NTV and TV-6 were instigated by Gazprom and Lukoil respectively. It would be naive to believe the Kremlin's insistence that both takeovers were merely business disputes. It seems almost certain that the two companies were doing the Kremlin's bidding - whether they were following instructions, or acted on their own initiative in order to curry favor with Putin, is to some extent irrelevant. What is important is that with Gusinskii and Berezovskii now largely removed from the Russian political scene, there remain no major Russian commercial interests in open opposition to the Kremlin. Not only have the two oligarch-blackmailers been ousted, but those major businesses that remain (such as Gazprom, Lukoil, Yukos, Interros, Sibneft, Russian Aluminum) are loyal to Putin and the Kremlin. They still enjoy a very close relationship to executive power. But while under Yeltsin the oligarchs took advantage of a weak executive and a sick president to act as de facto rulers, under Putin they are clearly subordinate to a newly invigorated executive. Their ability to influence the executive could now almost be defined by the civilized term "lobbying."

If this evaluation of federal-level business-state relations is correct, what are the implications for the takeover of regional enterprises by Moscow-based businesses? As Zubarevich pointed out, prior to these takeovers regional "feudalism" was a significant problem. While in the early 1990s the Chechen war prompted most analysts to see nationalism as the biggest threat to the integrity of the Russian state, by the second half of the decade the separatist threat had diminished. There remained a problem of regional autarchies, but it became clear that these were not restricted to ethnic republics such as Kalmykia, Tatarstan and Bashkortostan. A number of oblasts and krais, such as Primorskii krai, Kaliningrad, Ulyanovsk and Kursk, had also effectively fallen beyond the Kremlin's influence. None of these regions harbored any realistic ambitions to become fully independent from Russia and their leaders were quite content to rule unchallenged at the regional level without Kremlin interference. These regional "fiefdoms" drew much of their power from a fusion between the local political and economic elites, who between them controlled most of the media and enjoyed considerable influence over the regional electoral commission.

Therefore it was the regional economic elites who posed the greatest threat to the Center's power in the regions. Far from constituting an opposition to the Kremlin, the Moscow-based businesses, which are now taking over the major regional economic resources (and supplanting the local economic elites) are in fact assisting in the re-establishment of Kremlin control over the regions. It is therefore tempting to believe that the Kremlin has a policy of tacit support for such takeovers, and that this is an undeclared front in its wider campaign to establish a *vertikal vlasti* [power vertical] in Russia. As such, it is proving far more successful than the clumsy attempts by the Presidential Administration to influence the outcomes of regional elections (as we saw, for example, in St. Petersburg, Kursk Oblast, and Primorsky Krai).

In short, Russian big businesses' takeover of political and economic power in the regions serves Putin's interests and he is doing little to prevent it. Pursuing such a policy is not without danger because Putin needs to be sure that he can rely on the loyalty of the big businesses for this policy to succeed in the long-term. The ambitions of Yukos or Sibneft, for example, far exceed those of a Nazdratenko or a Rutskoi - former governors who were happy, like big fish in a small pond, to rule unchallenged in their region. Nevertheless, for the time being, in order for Russian corporations to become successful as major global economic players, they need the support of the Kremlin and will remain loyal.

But a possible challenge to the current cooperative relationship between big business and the Kremlin is just around the corner in the form of Putin's plan to bring Russia into the World Trade Organization. How will Russian Aluminum react to the idea that its factories may have to pay market rates for the vast amount of electricity they consume? How will they

make their investment in the Gorkii Automobile Factory profitable if their cars have to compete against unrestricted foreign imports? How will Putin ensure that disgruntled corporations do not use their regional power-base to challenge his power?

PRESENTATION IN NEW YORK

SERGEI KIRIENKO ON RUSSIA'S CHALLENGES, LOCAL GOVERNMENT, ISLAM, CHECHNYA. Presidential Representative to the Volga Federal District Sergei Kirienko argued that the biggest problem facing Russia today was that social attitudes are lagging behind economic and political changes in the country. He spoke at a luncheon organized by the Project on the Lessons of Transition at the New School University's World Policy Institute on 1 February. The Russian people today know what they don't want, but they have yet to figure out what kind of life they should build, Kirienko said.

Kirienko described his main challenge as one of Putin's seven presidential representatives as dealing with a country that is deeply fragmented in terms of economics, politics, and information. After working for 18 months in his current capacity, he said that the Volga Federal District had brought more than 2,000 laws into line with federal norms, but that all this work had little impact because it did not change the way that people think of themselves. While Russia has adopted many good laws under Putin, popular mentality has not changed. Kirienko now is seeking the resources to address this issue.

For 2002, the main political task will be to develop local government and the main economic task will be to improve the microeconomy. Kirienko said that achieving these goals meant separating powers between different levels of government and also between state and society.

The federal government has made it a priority to maximize local governments' ability to govern within its jurisdiction. To achieve this end, Putin's administration plans first of all to introduce federal legislation that will create consistent conditions for all local governments in Russia and block governors from reducing the powers of local governments. Second, Putin plans to increase the budgetary power of local governments so that they have the resources to pay for the tasks that they are assigned. Third, the president plans to give local governments a much larger voice in strategic planning, a task that until now has mostly been performed at the federal level. Kirienko stressed that strengthening the power of local government would help create real democracy in Russia.

Kirienko, whose district includes such important Muslim regions as Tatarstan and Bashkortostan, warned of alarming trends among adherents of this faith. He noted that new leaders were taking over Muslim communities and that they distinguished themselves from the old leaders by removing any local influences from Islamic practices. These new leaders want to integrate all Islamic areas, both in Russia and abroad. The new leaders are well financed, effectively organized, and work as part of large network that functions through out the world. Kirienko called these groups "integrationists" rather than "fundamentalists" because their main focus was on creating a uniform strain of Islam that would render national distinctions meaningless. In the context of a global battle against terrorism, Kirienko viewed the rise of these new leaders as particularly threatening.

Kirienko became most animated when discussing Chechnya. Commenting on his recent high-level meetings in Washington, Kirienko accused American leaders of holding double standards. When the US kills innocent civilians in Afghanistan, he said that the administration viewed it as regrettable consequences of the necessary war on terrorism. In Chechnya, the US characterizes similar deaths as human rights violations and evidence of brutal authoritarianism in Moscow. Kirienko charged that the US approach was not consistent and made little sense.

FEDERATION COUNCIL

NEW, BUT TRANSITIONAL, FEDERATION COUNCIL STARTS WORKING. One of the first reforms President Vladimir Putin implemented on winning election as Russia's president in March 2000 was his overhaul of the Federation Council. His purpose in changing the way the members of the upper house of the national parliament were selected was to reduce the power of the governors to

influence federal policies. Putin feared that the governors, in expressing the particular interests of their regions and their own personal interests, were preventing the country from pursuing its national interests. He also sought to take away the governors' legislative immunity from criminal prosecution and reduce their status from federal to merely regional politicians. Putin was not able to implement the reform as he had initially intended and had to compromise with the governors on specific provisions. While Putin has succeeded in reducing the governors' overall clout at the national level, the reform has also provided the governors with new lobbying opportunities at the federal level that did not exist in the past. Moreover, the governors remain strong in their regions, allowing them to block the implementation of federal laws.

The reform of the Federation Council took full effect on 1 January 2002, when all of the old members gave up their seats. Most observers believe that the current system for choosing members is transitional and debates are already well under way on how to change the system.

Federation Council 1993-2001: On-Going Transition

In fact, the Federation Council has been in transition since its official establishment in the 1993 constitution. The constitution called for it to be "formed" by the executive and legislative branches of Russia's 89 regions (articles 95 and 96). This formulation suggests that while the lower chamber will be elected, the members of the upper chamber will be chosen in a different way. However, in December 1993, many of Russia's regional legislatures had been disbanded followed Yeltsin's attack on the Russian Supreme Soviet. Rather than letting the governors and regional legislatures delegate members to the upper chamber, Yeltsin allowed Russian voters to elect two Federation Council members from each region for a transitional two-year term. From 1996 until Putin's reform, Russia's governors and regional legislative chairmen automatically became members of the council. Under the system Putin established, the governors and regional legislatures must appoint representatives to the Federation Council. The governor appoints his delegate to the upper chamber by decree (subject to a veto by two-thirds of the regional legislature), while the regional legislature elects its representative by secret ballot. Both bodies can recall their representatives if they are unhappy with their votes in the Federation Council.

From 1994 through the end of 1999, the Federation Council served as a buffer between the Communist-dominated, opposition-minded State Duma and President Boris Yeltsin. During this era, Orel Governor Yegor Stroev served as Federation Council chairman. He worked hard to win acceptance from both the Communists and Yeltsin's Kremlin. Nevertheless, the Federation Council often rejected leftist bills approved by the lower chamber, saving the president from having to veto them. In fulfilling this task, the Federation Council was seen as generally supporting Yeltsin, who had been willing to make extensive concessions to the regional leaders to preserve his own power. However, as Yeltsin's health deteriorated and the most powerful governors began jockeying for position in the post-Yeltsin era, the Federation Council began to oppose the president on important issues. The most crucial was whether to remove Procurator General Yurii Skuratov. Yeltsin wanted to fire Skuratov because his investigations of Kremlin corruption were apparently starting to hit too close to home. The Federation Council opposed replacing Skuratov until Putin's election.

Following the 1999 State Duma elections, Yeltsin's resignation, and Putin's election as president, the relationships between the Russian president and the two chambers of parliament changed dramatically. Putin managed to win effective control over the State Duma, transforming it from a seat of Communist opposition to a loyal ally in passing reform legislation. While the State Duma had limits in how far it would go to please Putin, such as rejecting the president's attempts to introduce private property for agricultural land, it became much more compliant in approving presidential initiatives.

Shortly after Putin took power and made clear that his first priority was reducing the powers of the governors, the Federation Council and the governors who formed its membership became a center of opposition to Putin, though one that was generally ineffective. Putin took advantage of the popular mandate he received in Russia's presidential elections by forcing the governors to accept a reform that transformed the Federation Council by removing the

governors and regional speakers as members. As the governors left the upper house and their representatives took over, the Kremlin set up a pro-presidential faction, Federatsiya, to organize support for Putin among the new senators.

As 2001 progressed, it became obvious that the Kremlin was gaining control over the Federation Council. Putin resolutely forced the governors to accept changes the Kremlin desired but the governors opposed. The Kremlin's initiative to deprive the governors of a voice in the process of appointing regional police chiefs is illustrative of this transition. On 29 June 2001, the Federation Council rejected this bill and the members of the generally pro-Kremlin Federatsiya faction decided not to vote as a bloc. However, by 20 July, the Kremlin had won enough support to win passage of the measure in a slightly watered down version. The result was a victory for the Kremlin in gaining greater control over the law enforcement agencies at the expense of the governors. Of course, with this victory Putin changed the text of the law, but not necessarily the situation on the ground. Controlling the police is a function of numerous factors beyond what is written in the law. Although Putin can manipulate the Federation Council, he may not be able to implement federal legislation in the regions.

Overall, from 1994 through the end of 2001, the Kremlin had less direct influence over the Federation Council than it will now, but even under Stroev, the Federation Council was not a source of real opposition. The governors were basically self-sufficient because of the enormous powers they wielded in their home districts. The Federation Council was not a major player on the political stage and, generally, only became important during crises (*Izvestiya*, 30 January). Nevertheless, the Council's monthly sessions served as a convenient excuse for the governors to come to Moscow, where they spent most of their time seeking federal funding for their regions rather than attending upper house debates. It also gave the governors legal immunity as members of the national legislature, formally protecting them from federal prosecution.

The 2002 Federation Council Seeks Larger Role

With its new membership, the Federation Council seeks to play a much more active role in Russian politics than it has in the past. The governors gave the Federation Council high visibility, but its infrequent sessions meant that the upper chamber's staff wielded much of its power. Under the old system, the Federation Council only met for two days a month and its members had little time to analyze the legislation under consideration. According to its new procedures, the Federation Council will now meet at least twice a month. Additionally, the members of the Federation Council would like to play a much more active role in law-making than did the governors and regional speakers who served before them. For example, they seek the right to influence laws during preliminary discussions in the Duma. Aggressively seeking such rights has already put the senators in conflict with the members of the lower house, who do not want to share their powers and will do so only reluctantly. With the senators playing a more active role, the power of the Federation Council staff will also shrink.

The election of Sergei Mironov as Federation Council speaker on 5 December 2001, replacing Stroev, marked the culmination of the upper chamber's shift toward the Kremlin that had been apparent throughout 2001. In contrast to Stroev, who was a compromise figure between Yeltsin and the Communists, Mironov is an old associate of Putin's from St. Petersburg and was the president's clear choice for the job. In this election, the influence of the presidential administration was clearly visible. After all, it had spent the previous year pressuring many governors and regional legislatures to appoint pro-Kremlin senators. When the Federation Council adopted its internal rules and picked its key leaders on 30 January 2002, the presidential administration again played an extremely active role (*Izvestiya*, 31 January and *Kommersant Vlast*, 5 February).

Mironov Consolidates Power

Mironov was able to consolidate his authority in the adoption of the new rules for the upper chamber, defining the number of deputies that will serve with him, and the use of a slate in choosing the new

committee chairmen and first deputies. Mironov has one first deputy and three deputies. Early reports on the structure of the new body had suggested that there would be seven deputy speakers, one to represent each of the seven federal districts, but that plan was never realized because Mironov thought it would complicate the upper chamber's procedures.

When Mironov first became speaker there were reports that he was not happy with the existence of the Federatsiya faction operating beyond his control, even if both he and the faction were working to support the Kremlin (*Rossiiskii regionalnyi byulleten*, 28 January). Now the new Federation Council regulations ban the existence of factions and Federatsiya's leadership has been incorporated into Mironov's team of deputies. Valerii Goreglyad, the former Federation Council staff member who led the Federatsiya faction, won the position as first deputy speaker. The coordinator of the Federatsiya group, former government staff member Aleksandr Torshin, has become one of the three deputy speakers (*Nezavisimaya gazeta*, 26 January). The second deputy speaker is former Sakha President Mikhail Nikolaev, who received the high Federation Council position as part of a deal with Putin in which Nikolaev agreed not to run for a third term (*Kommersant Daily*, 29 January). The final deputy speaker, Yekaterinburg businessman Andrei Vikharev, owes his appointment to his 1980s Komsomol work with Mironov, who wanted to have a familiar face among his key lieutenants.

The new Federation Council has 16 committees and 7 commissions. The change marks an increase of five new committees and five new commissions (Pavel Isaev, "S. Mironov i reforma Soveta Federatsii," *Rossiiskii regionalnyi byulleten*, 28 January). The members voted for the chairmen and their first deputies as a slate, giving the speaker considerable say over who would be in charge of each committee. In selecting the leaders, Mironov claimed that he sought to divide the chairmanships among seven federal districts, but most positions went to representatives of the Central, Volga, and Siberian districts, with the Southern district receiving the least. Many members of the upper chamber claimed that the procedure of choosing the chairmen was undemocratic because it concentrated considerable influence in the hands of the speaker and forced members to vote for some chairmen they opposed.

The New Members: Muscovites, Businessmen, Regional Elites

As of 30 January, 166 of the Council's 178 members had been named (*Izvestiya*, 30 January). Of these 71 were permanent residents of Moscow, while 95 were from beyond the capital. The Muscovites thus make up a substantial share of the body that is supposed to include two representatives from each of Russia's 89 regions and indicates that many of the members have closer ties to the federal government and capital-based big business than to the regions they are supposed to represent (*Izvestiya*, 30 January). Putin's seven presidential envoys are also well represented: the Volga's Sergei Kirienko sent two deputies and one chief federal inspector; the Siberian Federal District sent two chief federal inspectors, and the Northwest Federal District sent one staff member.

Russian big business has extensive representation including senators who came directly from the corporate sector and other deputies who did not previously work in the private sector but have accepted support from Russian corporations. The two former CEOs in the upper chamber are Mezhprombank's Sergei Pugachev and Transaero's Aleksandr Pleshakov. Other businessmen-senators come from the ranks of second-tier managers, including two vice presidents from Mikhail Khodorkovskii's Rusprom, two vice presidents from Russian Aluminum, and one from Interros. The Unified Energy System electricity monopoly and Gazprom each have two representatives. Sibneft, Transneft, and Slavneft have one each, while LUKoil and the Alfa Group do not have any direct representatives. Corporations have also helped dozens of other individuals become senators, but these people are not necessarily going to support the corporations on all issues.

The regional elite is represented through the presence of 23 former governors and 15 former regional speakers. Of the nine former generals, five come from the army, one from the navy, two from the Federal Security Service, and one from the police. Only six of the new members have party affiliations.

Critics of the new method for choosing Federation Council members have complained that the new body lacks legitimacy since the members represent the governors and regional legislatures rather than regional interests. Some argue that letting the residents of each region elect two members to the upper house directly, as happened in December 1993, would be the most logical way to choose senators. Others, such as Mironov, suggest limited elections, in which Russia's voters chose from candidates nominated by the governors and regional legislatures. Actually holding such elections, however, would require changes in the Russian constitution.

Today's senators must answer to the various interests they represent. These include: the governor or regional legislature; the various companies or interest groups where senators had past ties; and the presidential administration. The current method of choosing Federation Council members represents a compromise by the Kremlin that gives the governors much more power than Putin had originally intended. In Putin's initial proposal, the regional legislature would have appointed each region's two representatives and have the ability to recall them (see *EWI Russian Regional Report*, 31 May 2000.) Giving the governors the power to recall their senators theoretically provides them with a way to keep their representatives on a short leash. In practice, though, the governors may be hesitant to recall a senator who votes against their interests if such a move would anger the Kremlin.

While the governors are no longer directly involved in federal policy-making, their senators often give them access to professional lobbyists in Moscow. Many of the new senators are Moscow insiders who know how to work the halls of power. Additionally, by appointing a senator with ties to one of Russia's large businesses, a governor can establish or strengthen a mutually beneficial relationship with that corporation. Several senators have announced that among their top priorities will be securing investment projects for their regions. Additionally, by aligning themselves with rich senators, governors can gain access to campaign funding that will help them win another term in office, ensuring that the senator he appointed will also hold on to his position.

The Federation Council as Organizer of Regional Legislation

Mironov has suggested that the new Federation Council could serve as a coordinator for the legislative activities of the regions (*Rossiiskii regionalnyi byulleten*, 28 January). He called on regional legislatures to submit their federal legislation initiatives to the Federation Council, so that specific senators could coordinate the introduction of this legislation to the State Duma. Such efforts could help develop federal relations in Russia and systematize the federal and regional laws. Currently, however, the presidential representatives are responsible for harmonizing Russian legislation and they work under Putin. The president would have to sign off on transferring this authority from his representatives to the Federation Council before such a shift could occur.

In short, the new Federation Council under Sergei Mironov will be easier for the Kremlin to manage than the somewhat opposition-minded body that was in place from mid-1999 to mid-2001. The current members are dependent to various degrees on the regional elites, big business, and the Kremlin. Although Putin gained considerable control over federal legislation through this reform, the governors remain enormously powerful in their home regions and Putin may not be able to implement the bills he signs into law. In part, the governors can use the new lobbying power of the senators to affect the way that such implementation decisions are made. The future of the Federation Council will likely reflect the evolving relationship between the regional elite, the Kremlin, and big business, and the ability of the elites to determine a more permanent method of choosing Federation Council members. - Robert Orttung

KREMLIN, GOVERNOR CALL SHOTS IN PICKING PRIMORSKII LEGISLATURE'S SENATOR. In order to curry favor with Primorskii Krai Governor Sergei Darkin, who in turn is currying favor with the Kremlin, the krai's legislature elected Mikhail Glubokovskii, a former Duma member now working as a biology professor at Moscow State University, as its representative in the Federation Council. Speaker Sergei Zhekov had originally

sought the job for himself, but failed to win enough votes from the other members of the legislature. After his own bid failed, Darkin recommended that Zhekov support Glubokovskii for the position and Zhekov was then able to round up sufficient support to confirm him.

Zhekov worked so eagerly to back Glubokovskii because he needs the governor's support in putting down an effort by other members of the krai legislature to remove him as speaker. Last December, the krai held legislative elections, but turnout was so low, the voters only succeeded in electing 16 of 39 members. Until new elections are held on 9 June, the old members will continue to serve in the legislature. Most of the current members were not reelected and they blame Zhekov for their defeat. They charge that the speaker did not do a good job promoting the legislature's accomplishments among the population. Additionally, the speaker has considerable control over how the krai's resources are spent and this power will be important in the run up to the new elections.

Thanks to the election of Glubokovskii, Zhekov managed to save his job as speaker and the governor was able to place his person in the Federation Council. Earlier Darkin had followed Kremlin instructions in appointing General Valerii Manilov as his Federation Council representative. Manilov claims that Putin himself approved his candidacy.

Many local observers believe that the presidential administration also initiated the appointment of Glubokovskii. His name only surfaced as a candidate at the last minute on the eve of the krai legislature's vote and immediately after the governor's trip to Moscow, where he regularly meets with the leadership of the presidential administration to coordinate his policies. - Oleg Zhunusov in Vladivostok

SENATOR-OLIGARCH BOOSTS TYVAN PRESIDENT'S REELECTION HOPES. Tyva President Sherig-ool Oorzhak's hopes to win a third term on 17 March increased dramatically after he appointed Mezhprom Bank President Sergei Pugachev, famous for his close ties to President Putin, as his representative to the Federation Council. Pugachev recently traveled to the Siberian republic, one of the poorest in Russia, and offered Oorzhak financial backing for his campaign. Most observers believe that Pugachev's deep pockets will assure Oorzhak's victory. Pugachev's seat in the national parliament's upper chamber depends on Oorzhak's reelection since the victory of another candidate would likely lead to his replacement.

Oorzhak's most formidable opponent is Sholban Kara-ool, the speaker of the republican parliament and a prominent businessman. Kara-ool and his brothers made their fortune producing alcoholic beverages in the republic. His main trump is that he heads the local branch of Yedinstvo. In Tyva, Yedinstvo and Otechestvo have yet to merge as they have done at the federal level because of the speaker's permanent conflict with Oorzhak, the head of the local Otechestvo branch.

Another potentially important factor in the race is the opinion of Russia's most important Tyvan, Emergencies Minister Sergei Shoigu. While Shoigu has a long-standing conflict with Oorzhak and would never support him, he has yet to say which of the six remaining candidates he does favor. Despite Shoigu's prominence in the republic, his candidate failed to win a seat in the 1999 State Duma elections. - Maksim Shandarov in Novosibirsk

SMALL BUSINESS

TVER PROTESTERS CRITICIZE HIGH LICENSE FEES. The federal government has recently reinvigorated its campaign to improve conditions for small businesses working in Russia. This issue is currently a hot topic in Tver, where the situation for small business has never been good. If in Russia there are 4-5 small businesses per thousand people on average, in Tver there are only 1-2 (*Veche Tveri*, 31 January).

On 11 January the oblast sharply increased the prices it charges for licenses needed by small businesses. For example, the fee for the right to use a simplified tax payment system in the service sphere jumped 10 times (*Tverskaya zhizn*, 31 January).

In response, the Tver Organization of Realtors sent an open letter to Governor Vladimir Platov and the members of the regional legislature to protest the hike. The text pointed out that the oblast had set Russia's highest fee for opening a small business: 107,809 rubles. In regions similar to Tver, such licenses cost between 2,000 and 47,600 rubles. The

letter requests that the authorities reduce the fees. - Boris Goubman in Tver

CIVIL SOCIETY

SARATOV GROUP PROTESTS MINATOM-GOVERNOR BACKED NUCLEAR PLANT. Saratov's Grazhdanskoe deistvie [Civil action], a social organization founded in December 2001, is working to prevent the completion of the 5th and 6th reactors at the Balakov Nuclear Power plant. On 29 January Governor Dmitrii Ayatskov and Atomic Energy Minister Aleksandr Rumyantsev signed a declaration stating that they intended to move ahead with the project. Currently, the 5th reactor is 35 percent complete and the 6th is 5 percent complete.

The results of a 1993 referendum showed that 70 percent of the Balakovo population did not export the expansion of the plant, fearing adverse ecological consequences. Legislation at that time allowed the use of referendums in resolving such issues and construction was halted.

However, two years ago Ayatskov requested that the Russian government continue investing in the project. In February 2001 a working group was formed in Saratov that prepared the statement of intentions in which the Ministry declared a desire to build the new reactors and the oblast expressed interest in receiving them.

Above all, the governor sees the new reactors as a source of cheap electricity. Currently Saratov buys 70 percent of the 13.5 billion kilowatt-hours it consumes from the federal wholesale market. Within 20 years, its energy needs will rise to an estimated 21.5 billion kilowatt-hours. Saratov will not be able to generate any additional electricity from hydropower. However, the new reactors could provide 40 percent of Saratov's electricity. The savings would be dramatic: currently the nuclear plant can produce electricity for 12 kopecks per kilowatt-hour, while the price on the national wholesale market is 1 ruble. Minatom is currently seeking funding for the project.

Additionally reactor supporters point out that the construction work and maintenance of the reactions would create 10,000 jobs and bring in 2.5 billion rubles worth of investment annually. Other construction associated with the reactors could cost up to 49 billion rubles. A tenth of the investment would go to the construction of housing, hospitals, and schools. However, residents fear that the government will not really spend money on such social projects, noting that the government failed to make similar investments in conjunction with the destruction of chemical weapons in the nearby village of Gornii.

Grazhdanskoe deistvie has already held one street protest against further construction and is planning a public hearing with presentations by scholars, activists, and legislators. The group is considering filing a lawsuit and conducting mass protest rallies. - Aleksandr Nesterov in Saratov

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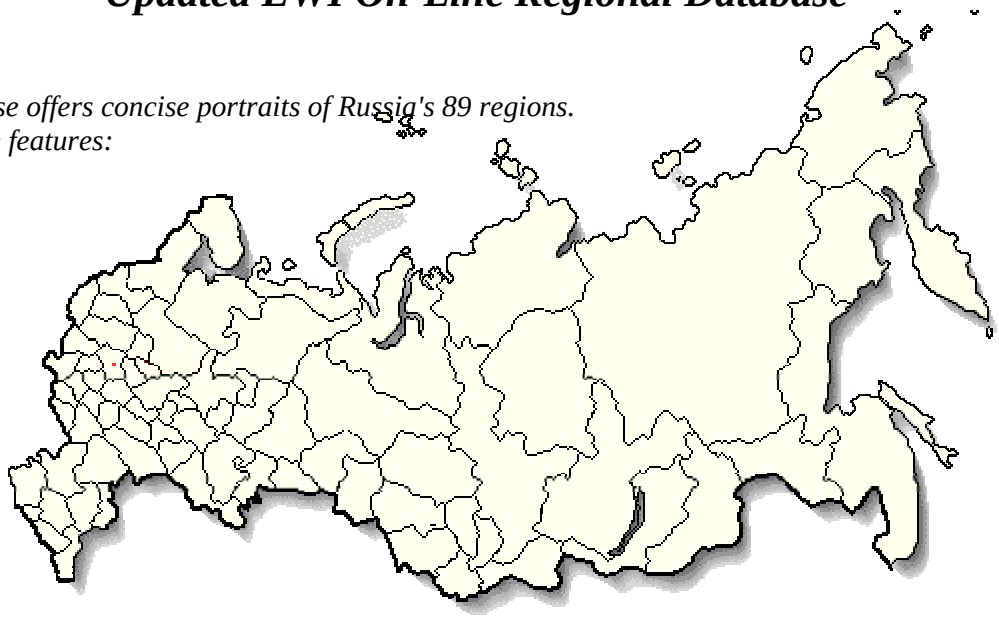

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